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Government
Publications

Financial Statement

OF

The HON. A. J. MATHESON

TREASURER OF THE PROVINCE OF ONTARIO

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Delivered on the 11th April, 1905

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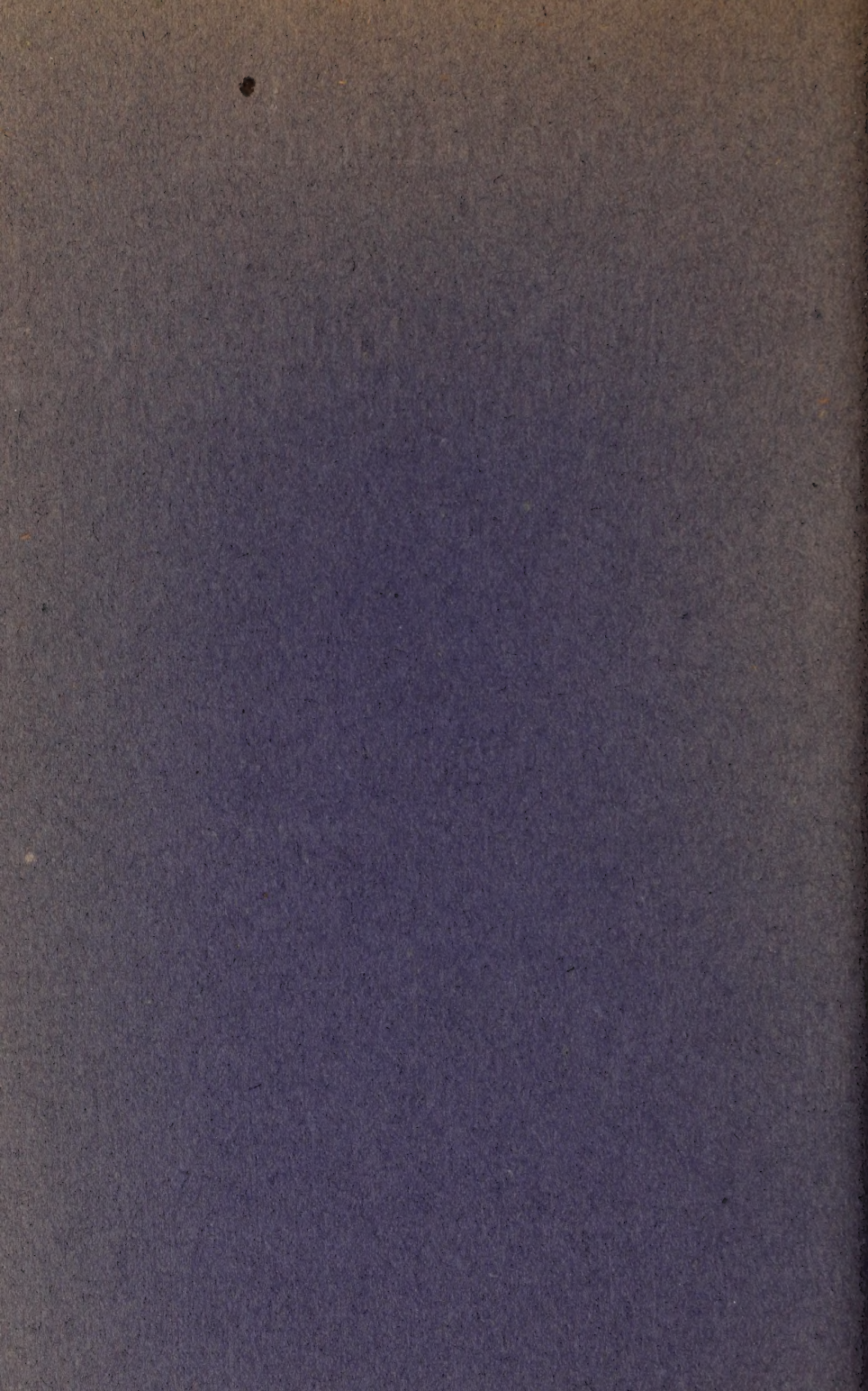
LEGISLATIVE ASSEMBLY OF ONTARIO

On moving the House into Committee of Supply



TORONTO:

Printed by L. K. CAMERON, Printer to the King's Most Excellent Majesty,
1905.



Parliamentary and Fiscal Policy Branch
Budget

Financial Statement

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PRINTED BY ORDER OF
THE LEGISLATIVE ASSEMBLY OF ONTARIO.



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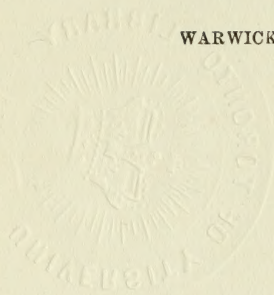
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BUDGET SPEECH

DELIVERED BY

Hon. A. J. MATHESON,

11th April, 1905.

Mr. Speaker, in rising to move that you do leave the chair, in order that the House may go into Committee of Supply to consider the Estimates for the current year, I find myself in a somewhat unique position, a position occupied by no Treasurer of this Legislature, I may say, since Confederation, in that I have to present to the House a statement, an explanation of the finances of the past year, under the management of our Liberal opponents. I have also to do it in the absence, which we all regret very much, of the honorable gentleman who for the past five years has occupied the position of Premier and Treasurer of this Province, and we all hope that he may soon return with recovered health. It is true, Sir, that on one occasion since Confederation a political opponent had to explain the finances of the year under the control of his opponents when Mr. Mackenzie, in 1872, gave an account of the previous year under the management of the late John Sandfield Macdonald. But then, Sir, it was a different story he had to tell. He had nothing to complain of, he had nothing to criticize. He found the Treasury overflowing with millions of cash. (Applause.) There was no question as to whether there was a surplus or not; no question of fictitious figures or false financing presented to the Legislature of this Province. I am sorry to say I may, perhaps, have to tell a somewhat different story, but I wish to put myself in the position of my opponents as far as may be; to take no advantage of my position, but to give a true and correct account of the condition of the finances of this Province, even allowing items in their favor such as, perhaps, were we in Opposition, we might not allow. I want to give as favorable a report as possible, such a report as I believe that the hon. gentleman who was formerly Treasurer should have given if he had presented what we believe to be a correct statement of the affairs of this

Province. I crave the indulgence of the House if at times, through ten long years of experience in Opposition, I should forget myself, and perhaps say something too severe.

It will be found, Sir, in the Public Accounts presented to the House, there are two or three slight changes made. The item of Subsidy given by the Dominion under the Act of 1884 is given as subsidy. For the last twenty years it had been given as interest on investments. The Dominion Government pay it to us as subsidy, and the wording of the Act under which it is given is as follows:—

“Said amount, with interest at five per cent. per annum, shall be deemed capital owing to the said Provinces respectively, bearing interest at five per cent. per annum—which interest shall be payable to them as part of their yearly *subsidy* from the Dominion on and after the 1st day of July, 1884.”

The Dominion's interpretation of that Act was that it was payable as subsidy. Our opponents said that it represented a capital amount of \$2,842,000 and claimed that principal sum as part of their surplus. We could not make the Dominion pay us one dollar of that amount (Applause.) The Dominion Government, in fact, could not pay it without passing legislation, and it would be folly to dream that we could take one dollar of the capital of that money for our use. That would simply mean paying five per cent. for the money which we might get at least at one-third less rate of interest. However, this question has been thrashed out in this House year after year. I propose to leave it with the statement, as I have said, that the Dominion pays the amount as a subsidy, and we include it as part of our subsidy.

We have also given a little more detail in regard to the receipts from Crown Lands. Formerly they were lumped all together. Now we distinguish the bonus received from pine timber sales as being a special payment on capital account. Last year it amounted to \$1,664,000. The other change in the Public Accounts is putting in a new statement, Statement No. 17, of liabilities and assets. Now, Sir, in considering the accounts of the past year, we, when in Opposition, always contended that moneys received from timber sales should be treated as on capital account. No true statement or idea of the finances of this Province could be obtained when putting it as ordinary receipts. In the past ten years the sum of \$5,200,000 has been received in bonuses on timber sales, and one-third

of that amount was received during the past year. How could we treat it as an ordinary receipt? How could we possibly know where we stand if we do? One year we got \$75,000 as bonus on timber sales; another year \$1,664,000. It is, I contend, a capital asset, and as such I propose to treat it. (Applause.) Sir, we contended at times when we were in Opposition that all the Crown Lands receipts should be treated as received on capital account, and only used for that purpose, such as the erection of large public buildings, great public works, and disbursements of that nature which were not annual expenditures. The late Mr. E. F. Clarke, one of the ablest financial men who ever represented a constituency in this Legislature (Applause) was especially wont to argue that that should be done. And, Sir, in the treatment of these accounts, I, too, propose to distinguish between ordinary and capital expenditure, and between ordinary and capital receipts, and the only capital receipts which I put with that class are the bonuses received on the sale of pine timber and the moneys that may be received from school lands and the capital of drainage debts that are paid off.

Among the capital expenditures I have tried to be lenient in favor of my opponents, and have credited to their account as being capital expenditure, during the past year, every item that I could possibly think of as being in the nature of capital expenditure. I propose first to deal with the accounts of last year, and to deal strictly with financial questions, at the same time giving some explanations as to the various items that occur. It will be found in the statements of receipts and expenditures that the Dominion Government kept back from us last year \$24,626 for the Yule Bridge, situated on the Richelieu River, in the Province of Quebec, eighteen miles from Montreal. This bridge,—a toll bridge—was built in 1845 by the late John Yule under a franchise granted (8 Vic. c. 90) on condition that at the end of fifty years the work should vest in the Crown as a free bridge for public use, and that Yule should then be compensated therefor by the Crown. The Court of Exchequer, affirmed on appeal by the Supreme Court, decided that compensation for the works was a liability of the late Province of Canada which under the operation of section 111 of the British North America Act was imposed on the Dominion, and therefore Ontario and Quebec were liable for their respective portions. Ontario claimed that under section 109 of the British North America Act the bridge and its dependencies passed to the Province of Quebec, subject

to some interest to compensate Yule, and therefore that the Province of Quebec is, and the Government of Canada is not, liable for this claim. The Dominion charged that the claim was against Ontario and Quebec in the proportion fixed by the Award of the 3rd September, 1870. It may seem strange to some that we should be charged with this payment on account of a bridge in the Province of Quebec, but as I have pointed out, the ground taken was that it was a work before Confederation, and therefore to be charged to the two Provinces. I may say that we have had the advantage of this rule on previous occasions, notably in the case of the Robinson Indian Treaties, being the Robinson Huron Treaty and the Robinson Superior Treaty. The Dominion Government had a claim under these which was settled for \$212,000 for the moneys paid to the Indians for part of the land north of these lakes and south of the height of land. The arbitrators found that being a liability before Confederation Quebec should contribute \$100,000 and Ontario \$112,000. The award will be found in the returns of Awards in the Sessional Papers (No. 47, 1900). Thus, although in the case of the Yule Bridge we have charged against us \$24,626, in the case of the Robinson Indian Treaties this Province had the advantage of \$100,000 from the Province of Quebec. (Applause.)

Then, Sir, referring again to the timber bonuses, as I have said during the past ten years \$5,200,000 was received from bonuses on timber, of which \$769,000 was received in the first five years from 1895 to 1899, and in the last five, from 1900 to 1904 inclusive, no less a sum than \$4,440,000 was received. In the year 1895 the amount was only \$76,579.73; in 1896, \$45,520. Then the amounts vary. In 1897 it was \$190,918.90; in 1898, \$159,698.74; in 1899, it was \$296,772.79; in 1900, \$636,464.54; in 1901, \$571,383.59; in 1902, \$227,667.84; and the great sale in November, 1903, realized \$1,340,696.76, while last year, as I have shown, the bonuses were \$1,664,258.21. Of this total of \$5,209,961.10 paid in, over \$3,000,000 was used for the ordinary expenditures of this Province during the past ten years. The former Government, during the same period, spent on capital account one million of dollars. You can check this in this way. At the commencement of the ten years, on the 31st of December, 1894, there was in the Treasury in cash \$1,000,000, and in drainage and other debentures another \$400,000. From 1895 to 1898 they borrowed \$600,000 on annuities, making

\$2,000,000 received in this way. Then they received this \$5,200,000 from the bonus on pine timber sales, making \$7,200,000 in all. Of that \$3,000,000 is on hand, \$3,000,000 has been spent for ordinary expenditures, and \$1,000,000 spent on capital account.

Then, Sir, in connection with Crown Lands, I had always supposed that the stories that were told us in connection with the pulp concessions had a basis of truth. (Laughter and Applause.) It was said that we would get an immense revenue from these concessions. We were to get 40 cents a cord on spruce, and 10 cents a cord on other wood. It was advanced as a reason why there should be no competition between these companies obtaining the concessions that the revenue would be thus increased. There were six or seven in all of these concessions, and now what of the large revenue that we were to receive? Sir, last year we got from dues on pulpwood \$10,000. (Laughter.) The year before that, when the Sault mills were running, we got \$24,000. Surely there has been no proper return from the pulpwood lands of this Province under the management of the hon. gentleman who was lately the Treasurer of this Province. (Applause).

The next item of receipts which occurs to me to mention is that from the supplementary revenues. These come under the Act passed by the late Mr. Hardy in 1899. When he found that he was face to face with a deficit, he determined to make ends meet, and so he brought down this supplementary revenue bill. He took it into his own hands, out of the hands of the then Treasurer, and forced it through the House in spite of the fact that he had practically no assistance from his colleagues. The revenue from that source last year was as follows:—

Life Insurance Companies	\$ 78,756
Other Insurance Companies	33,045
Miscellaneous Companies.....	4,433
Loan Companies	26,768
Trust Companies	5,155
Banks	52,743
Street Railways	7,168
Gas and Electric Light	8,361
Express Companies	4,400
Car, gas, telephone, and telegraph companies	11,879
Railways.....	187,919

A total of \$420,627

Then, there are Succession Duties. Last year there was received from this source \$458,000. This is a source of revenue, Sir, which I think is liable to increase. I find that there are at present a large number of estates not dealt with—some 547 in all. In many cases these estates are not closed up because of future or contingent payments, but in a large number of other cases, some of them as far back as 1893, they have not been settled, and on these there is owing something like \$100,000 in amounts varying from a few dollars on a legacy up to \$15,000. The work of the office has so increased that it is almost impossible for the present staff to take up these arrears. They are asking for more help for that reason, as their time now is largely taken up with current business. To show how uncertain this source of income is, I may say that last year one estate paid \$120,000, another estate \$60,000, and a third \$50,000, so that from three out of a large number we find nearly one-half of the Succession Duty was received.

Now, Sir, as to the expenditure. It will be found that a payment of \$78,740 was made to the Dominion Government on account of Common School Funds. This money had been collected by the Province from the sale of Common School Lands, and it should have been paid over earlier to the Dominion Government, but was added to the debt owed by the Province to the Dominion. It was found that the Dominion made an excuse of our owing this to only pay us four per cent. on trust funds in their hands. We were getting five per cent. and they said if you only pay us four per cent. on what you owe us, we will only pay you four per cent. on what we owe you, and the late Government thereupon paid over to the Dominion the arrears owing on account of the Common School Fund collection, \$78,740.

Then there is the item of Good Roads—some \$91,000, and in connection with this I would draw the hon. members' attention to the overruling of the Provincial Auditor on page 29 of Public Accounts of last year. In 1901, when the Act was passed granting one million dollars towards good roads, it provided that one-third of the cost should be paid up to their proportion of the million dollars divided among the counties according to their assessed area. In 1903 an Act was passed which repealed this clause, No. 7, of the Act of 1901, and the late Government contended that the effect of the amendment was that there was no limit as to the amount to be paid to counties other than that they should get one-third

of what they expended on their roads. The Public Works officials wrote to various counties, including Wentworth and Simcoe, by instruction of the Minister, stating that for the future, under the change of the Act, they would get one-third of all the money they expended on their roads. What does that mean? It means that instead of \$1,000,000 which we might pay to counties for good roads, we might possibly have to pay two or three millions. The Provincial Auditor objected, urging that while clause No. 7 was repealed, clause No. 8, which had partially the same phrasing, was not repealed. But he was over-ruled. This is a question which must be dealt with. Wentworth got \$10,000 over their proportion, Simcoe has a claim and other counties have claims. It is necessary in this, as in all other things, that this Province should keep good faith. There must be continuity of Government in this Province no matter what party is in power. We feel bound, if pledges were made by our opponents, as far as we can, for the honour of the Crown to carry them out. (Applause.) Of course, if we find that wrong has been done, then it is a question for revision, but unless it can be clearly established that fraud and wrong have been at the bottom of any matter, this Government feels that it is equally pledged with the former Government to carry out its promises. (Applause.) Therefore, in the case of the County of Simcoe having had this promise of the former Government, it seems to me that this Legislature is pledged to carry it out as far as they can, since the County has spent their money on a direct letter from the former Government. That, however, does not apply to the future. We cannot undertake to leave the law in an uncertain state. The state of the law must be remedied and some fixed, settled policy agreed upon as to what the payments shall be in the future. (Applause).

Then there is the payment on sugar beets. That is \$75,000 yearly. The whole sum set apart was \$375,000 and there is still left \$154,109. I regret to say that out of the four sugar beet factories which benefited under this Act, only two are in existence to-day. One has been removed bodily, and the other is wound up.

Another item that I should explain is that of University payments. I have repeatedly said in this House that the arrangement between the Province and the University is in an unsatisfactory state. Whatever deficit there is in University accounts the Province undertakes to settle it. I hold that the party that spends the money should know where its income

is to come from, and to a great extent should be responsible for the distribution of that income. (Applause.) Our payments to the University were, first \$7,000 (in settlement of old claims); this item, I may say, is a yearly item provided for by statute; then some years ago, several townships in Northern Ontario were set aside for the benefit of the University and from the sales of lands there the University got \$1,647. Four years ago an Act of this Legislature was passed that this Province would undertake to pay the salaries and maintenance of the Departments of Chemistry, Physics, Mineralogy, and Geology. Last year that payment was \$42,000. This year on the estimates drafted by the late Government it will be \$48,000. I should explain, perhaps, that the late Government in the fall of the year passed the estimates submitted by the University for expenses. Then we have the general deficit of the University to pay. In that connection we have \$30,000 for the deficit of 1903-4, and \$46,000 for this year. But, Sir, although this \$30,000 was voted by the hon. gentlemen who preceded us, they did not pay it. The result is that we have to put it in our estimates in addition to the deficit this year of \$46,000. As I have said, Sir, it is a very unfortunate arrangement with the University, and a scheme has been presented by the trustees and others interested in the University which will require careful consideration. They propose that we should set aside for the University some one item or share of one item of our revenue, pointing out that with the growth of that revenue, their revenue will grow, and I think it would be preferable to make some such arrangement rather than go on as we are doing. (Applause.)

Now, Sir, the result of all this is that during the year 1904 we had gross receipts of \$6,128,358. In order to get at the ordinary expenditure I take the item of bonus on timber sales of—to be exact—\$1,664,258.21, the receipts from Common School Lands and the capital on drainage debentures, \$30,681, from the gross receipts, making a total reduction of \$1,694,939, leaving the ordinary revenue of the Province at \$4,433,419. The gross expenditure of the Province in 1904 was \$5,267,453. But, Sir, as I have said, I will try to be lenient to our opponents in deducting from the gross expenditure by making allowances of payments on capital account in their favor. I will, therefore, deduct the Yule Bridge payment of \$24,626.75; payment for the Woodstock Asylum, \$50,305.37; and payment for the School of Practical Science,

\$144,466.20. These are new buildings and I draw a distinction in their case. Where we are establishing new buildings, we might reasonably consider it capital account at the start. Repairs or small additions to old institutions, such as may occur from year to year, ought properly to be charged as ordinary expenditure. Then there is Good Roads \$91,527.54; the Trinity Medical Building, \$12,022; the Kingston Mining School building, \$22,500; for the purchase of drainage debentures \$14,138.53; paid to the Dominion for Common School Lands, \$78,740.76; Sugar Beet bonus, \$71,715.99; and on account of Iron Mining bonus, \$25,000. That makes a total capital expenditure of \$535,044.09, which deducted from gross expenditure leaves the ordinary expenditure of 1904 at \$4,732,408.93. Deduct from that the ordinary revenue other than the timber bonus, and we have a deficit between ordinary receipts and expenditures of \$298,989, or in round numbers \$300,000. But in addition to that we have accounts due last year, but unpaid by our predecessors, to the amount of \$181,362, and with the exception of possibly one item of \$20,000, every dollar of that was ordinary expenditure, so that the total deficit between ordinary receipts and ordinary expenditures is about \$480,000. (Applause).

RECEIPTS AND EXPENDITURES, 1904.

Gross expenditure.....\$5,267,453 02

On Capital Account—

Yule Bridge Award (deducted from receipts)	\$24,626 75
Woodstock Asylum	50,305 37
School of Practical Science	144,466 20
Good Roads	91,527 54
Trinity Medical Building	12,022 95
Kingston Mining School Building	22,500 00
Purchase of Drainage Debentures	14,138 53
Paid Dominion C. S. Lands	78,740 76
Sugar Beet Bonus	71,715 99
Iron Mining	25,000 00

Total on Capital Account.....	<u>\$535,044 09</u>
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Ordinary expenditure.....\$4,732,408 93

Gross receipts	\$6,128,358 57	
Less bonus on timber sale	\$1,664,258 31	
Less C. S. Lands and capital paid on drainage debts	30,681 10	
	<u>1,694,939 41</u>	
Ordinary revenue		4,433,419 16
Difference between ordinary expenditure and ordinary receipts		\$298,989 77
Unpaid accounts of 1904 ..		181,362 00
Excess of expenditure		<u>\$480,000 00</u>

I regret to say that the estimates of receipts furnished last year were very inaccurate. I do not know whether they were guessed at or how it was done, but the result shows that they were inaccurate.

The excess of receipts on account of bonus on the pine timber sale was \$164,000, this item being on capital account. The excess of revenue over estimate on ordinary receipts was, on :—

Crown Lands	\$100,000
Education	30,000
Agriculture	6,000
Casual Revenue	7,000
Succession Duties	158,000
Supplementary Revenue Account.....	15,000
Law Stamps	13,000
Algoma Taxes	5,000
Fisheries	7,000

A total of \$341,000

of excess of revenue.

On the other hand there was a deficiency in Revenue from :—

Public Institutions of	\$19,000
Provincial Secretary's Department	20,000
Tavern and Brewers' Licenses	13,000

A total deficiency of..... \$52,000

making a net excess of Revenue over Estimates of \$289,000.

The amount over-expended, as shown in Statement No. 18 at the end of the Public Accounts, was \$362,189, but of this \$213,242 was for

payments under Statute for Good Roads, Iron and Sugar Beet bounties, not voted in the Estimates, leaving a net over-expenditure of \$148,847. The amount voted but not expended was \$374,000, and deducting from this the net over-expenditure of \$148,847, we find that the net amount expended was less than the estimates voted by \$225,154.

We find, then, Sir, that during the past year, 1904, the ordinary expenditure of this Province, such as we may expect to have to meet year after year, has exceeded the ordinary revenue by the sum of \$300,000 after allowing every conceivable claim that certain items should be considered as paid on capital account. This deficiency would have been much larger had it not been for two circumstances, the first being that the estimates of the revenue for the year were some \$289,000 less than the actual revenue received, and the second that the net amount expended was \$225,000 less than the amount voted in the estimates during last session. Had the estimates of revenue and expenditure submitted during the last session been more accurate in result, the deficiency for the year would have been some \$815,000. So that, between excess of revenue and unexpended appropriations, we are some half million dollars better off than anticipated in the budget of last year. But if we add the amount of unpaid accounts which should have been paid last year, the deficit between ordinary receipts and expenditure would have totalled \$480,000. Those unpaid accounts were as follows:—

Civil Government	\$ 5,214 00
Legislation	806 00
Administration of Justice	40,579 00
Education	52,697 00
P. I. Maintenance	10,736 00
Colonization and Immigration	3,194 00
Agriculture	3,029 40
Repairs and Maintenance	7,716 00
Public Buildings	8,568 00
Colonization Roads	8,198 00
Charges Crown Lands... ..	7,966 00
Refunds	20,639 00
Miscellaneous	12,020 00
<hr/>	
A total of	\$181,362 40

It may be well, Sir, to show how this condition of the Province was arrived at, during the past five years. In the year 1894 under Sir Oliver Mowat the total expenditure of this Province was \$3,840,000. In 1899, under the late Mr. Hardy, he reduced that expenditure to \$3,710,000. Last year the expenditure was \$5,270,000, an increase in five years of \$1,557,000, of which over a \$1,000,000 was on the ordinary expenditures of this Province, and in the same five years the debt for railway certificates increased \$1,000,000. That, Sir, is the result reached by the Liberal Government with the constant cry of a surplus of assets. (Applause.) They said, "We have millions in the Treasury; we want you all to come and take some; (Laughter) we have a million for good roads, money for sugar beets, money for mining, any amount of money to spend." (Laughter.) Seriously, Sir, no Government has any right to make the claim that it holds a large amount of money for distribution among the people. How can we have economy when it is claimed that there is lots of money to spend, and people are invited to spend it? That was the great mistake of Mr. John Sandfield Macdonald's administration. He built up a large fund of savings which he intended to administer for the benefit of the people, but it was used by his opponents to bribe the people by promising its distribution amongst the municipalities. Mr. John Sandfield Macdonald never intended to keep that money in the Treasury. He intended to develop the railways and the whole of this Province by the use of that money. (Applause.) He had his own scheme, but he waited too long and gave his opponents a chance to use it as a bribe for the people, and this great increase of expenditures is the result of the claim of the late Provincial Government to have on hand a large quantity of surplus assets. It is right, of course, that we should have year by year a surplus between ordinary revenue and expenditure, and for the future, if we can do it, we will show one, and show that we can pay our way in this Province. (Applause.)

Now, Sir, I propose to treat with the liabilities of this Province. In the statement (No. 17) which hon. gentlemen have in their hands, neither the liabilities nor assets are added up and the statement is in that shape purposely, because certain assets are available to pay liabilities, but others, I contend, are trust funds that cannot so be used. Before going to that, however, and in connection with the financial dealings of this Province on the part of our predecessors, I wish to draw attention

to the vast increase of our liabilities made in one session—the last session of 1904. In that session \$3,000,000 was voted for the extension of the Temiskaming Railway, \$400,000 to the Grand Trunk Pacific, \$5,300,000 guarantee on the James Bay Railway, \$2,000,000 guarantee in connection with the Sault, a total increase of direct and indirect liabilities in one session of nearly \$11,000,000. Surely, Sir, taken in connection with an increase in five years of \$1,500,000 in the expenditures of the Province, and an increase of liabilities, direct and indirect, of nearly \$11,000,000, we can safely charge that there has been frenzied finance in the management of the affairs of this Province. (Applause.) Our debt to the Dominion has been decreased by \$78,000, a payment on Common School Lands during the past year. That is the exception to our growing liability.

Now I want to say a word or two in regard to Indian Treaty No. 3, which is in dispute. It is over the treaty made by the Dominion with the Indians north of the height of land, north of Lake Superior, up to Rat Portage and for some distance eastward. The Dominion filed this claim in 1893 before the arbitrators, for the payment of moneys advanced to the Indians, and our friends who were in office were very much alarmed over this. We heard nothing about it for five years. Up to 1898 I had never heard a word of Indian Treaty No. 3. It was kept very quiet and then I got the first inkling of what it meant. Attention was drawn to it in this House, and the then Government still postponed any action. But finally, during the past year, an action was brought by the Government of Ontario against the Dominion in the Exchequer Court disputing liability under Treaty No. 3. The Dominion claim is very large; with interest it amounts to something like \$1,500,000. That liability, as I have said, is disputed by the Province and counsel in charge makes this report.

“The matter of Treaty No. 3 is before the Exchequer Court
“and may be tried soon, but the approval by Ontario of the reserves
“for the Indians seems to have caused some delay.”

With reference generally to the defence of Ontario for recovery of annuities paid under the Treaty, counsel for the Government of Ontario advises that there can be no ultimate recovery by the Dominion. In any case, I have no fear of any such amount as they claim to be due by this Province being recovered by the Dominion. (Applause).

The next item is our debt for Treasury Bills issued on the 15th November last on account of the Temiskaming Railway. There were sold £1,200,000 of Treasury Bills, the sale taking place in London. The net proceeds to this Province after deducting interest and commission was \$5,706,487.49. There was no necessity, I contend, to borrow five or six million dollars last year. (Applause.) There is over a million dollars of that money yet on hand in the Treasury. We had \$2,713,295 in the Treasury at the end of the year. There was no necessity in the world to borrow more than \$3,000,000. We had to pay at the rate of five per cent. per annum for this money, and we have had it less than six months. I had a calculation made by the Audit Department, and their estimate is that the rate of interest this Province is paying on that loan is 5.05 per cent. If only \$3,000,000 had been borrowed, we would have saved \$30,000 that we have paid, simply that hon. gentlemen who preceded us could go through the country saying "We have \$3,000,000 in the bank." (Laughter and Applause). This whole Temiskaming Railway has been mismanaged. (Applause). The hon. member for Monck twitted the hon. member for West Hamilton the other day when he (Hon. Mr. Hendrie) complained that we had been in too much of a hurry in this matter. If we had been in less of a hurry, Mr. Speaker, if we had taken care to have proper surveys, and if this Government had been in power during the construction of this railway, this Province would be a million dollars better off to-day. (Applause). There were two contracts on that line, one from North Bay to New Liskeard, 113 miles, and another from New Liskeard 100 miles north. The first contract of 113 miles will cost this Province at a low estimate, with unsatisfactory grades for a certain portion, which might have been avoided by a more careful survey, \$38,629 per mile. This is what we were told would cost \$23,000 per mile. The expenditure to March 1 on this road under the old commission was \$4,240,000, or \$37,500 per mile. The new commission have to spend \$125,000 at least, for filling and ballasting, etc., to complete that section, which will make the cost of it \$4,365,114, or an average of \$38,629 per mile. On the second contract up to the first of March there had been expended \$642,740.69 on which 25 miles of rail had been laid. To complete that section, with the exception of rolling stock, stations, etc., will cost \$2,130,000, and with rolling stock, stations, etc., \$300,000 more, making a total of \$3,072,740 for the second divi-

sion, or \$30,000 per mile. It would have been much less had it not been that the contract was already let and that we had not the letting of it. (Applause.) In the first contract the excavation work was divided up into solid rock, loose rock, earth and hard pan, the earth at 22 cents a cubic yard. In the second contract it was divided up into solid rock, loose rock, and "all other material," no earth or hard pan, let at 35 cents a cubic yard. That phrase "all other material" is the kind of trick that the people of this Province have had to submit to. (Laughter.) In the first contract the first estimate was 200,000 cubic yards of solid rock, but this estimate turned out to be 700,000 yards short and the excess of cost over the estimates on solid rock is \$1,160,000. The contractor on that part of the road should make about \$1,500,000 without any trouble financing, but cash paid monthly, and this road, I repeat, is costing \$38,600 a mile, and it is likely to be \$40,000 a mile before it is finished. There was also an estimate for temporary trestle work which has been greatly exceeded, \$173,000 instead of \$2,500, and I am told that much of this temporary trestle work was not needed at all. This is a fair sample of the manner in which that road has been built and managed. Is it any wonder that it is costing \$38,600 a mile? Then, Sir, the length of the extension beyond New Liskeard to the Grand Trunk Pacific is an uncertain quantity at present. It may be 110, or 150, or 175 miles. It depends upon whether the Grand Trunk goes north or south of Abitibi Lake. I am told that the prospects are that the extension will need to be 150 miles and this has not been all surveyed. I am glad, however, to say that the road is likely to have very considerable earning power from the settlers going into that country, from the timber to be taken out, from the several valuable mines found along the line, and especially from the tourist business. (Applause.) The Grand Trunk Railway expects to send up during the coming summer six to eight thousand tourists to Lake Temagami, one of the most beautiful lakes on the continent. For 60 miles that road passes through a region of pine forest, and this will be a great attraction. We all wish for the success of this venture on the part of the Province. I may say that my hon. friend, the Minister of Public Works, proposes to ask for a small supplementary estimate for a survey up to James Bay to see if we can at a reasonable cost extend the road there to that point, and if there is sufficient traffic to justify the building of it. (Applause.)

Now, Sir, I think that we are entitled to a substantial subsidy for this railway from the Dominion Government. (Applause.) I am sure my hon. friends the Opposition will join in assisting us to get that. We have seen that in the lower provinces nearly all their railways have been taken up in connection with the Intercolonial, in New Brunswick the Dominion has bought a road from Frederickton to Chatham, and the New Brunswick Legislature is now asking the Dominion to buy three other roads. In the Province of Quebec the Intercolonial was extended to Montreal by the purchase of a road. Considering what they have done for others, I think that we have good ground for asking the Dominion Government to give us a subsidy of \$12,000 per mile. Previous to 1884 the Province of Quebec built a road on the north side of the St. Lawrence from Quebec to Ottawa and proposed to sell it to the Dominion for \$7,000,000. That sale fell through, and Quebec subsequently sold it to the C. P. R. and other parties for \$7,600,000. That road cost \$11,000,000, and in 1884, on the ground that this was a road connecting the City of Montreal and the City of Quebec with the great transcontinental road, the Dominion voted to the Province of Quebec for that part of the road between Montreal and Ottawa \$12,000 per mile, and between Montreal and Quebec \$6,000 per mile, and also an additional \$6,000 a mile to the C. P. R. to build a road from Montreal to Quebec. In this connection :—

On the 10th April, 1884, Sir Charles Tupper moved the House of Commons into Committee of the Whole to consider the following resolutions :

“That it is expedient to authorize the Governor-in-Council to grant the subsidies hereinafter mentioned, to and for the parties, railways and railway companies hereinafter mentioned, that is to say :

To the Government of the Province of Quebec, in consideration of their having constructed the railway from Quebec to Ottawa, forming a connecting link between the Atlantic and Pacific Coasts via the Intercolonial and Canadian Pacific Railways, and being as such a work of national and not merely provincial utility, a subsidy not exceeding \$6,000 per mile for the portion between Quebec and Montreal, 199 miles, not exceeding in the whole \$954,000.

And for the portion between Montreal and Ottawa, 120 miles, \$12,000 per mile, not exceeding in the whole \$1,440,000.”

In the course of his speech in support of this resolution Sir Charles Tupper said :

"We now come to the Province of Quebec; and I may say no person in this House will question for a moment the fact that if provision had not been made by the Province of Quebec for the construction of a railway from Quebec to Ottawa, this House would have regarded, the country would have regarded, the Canadian Pacific Railway as entirely incomplete, and would have been prepared to deal with that branch of the question just as our hon. friends opposite dealt with the question of connecting the Canada Central from Pembroke to Callander, by an appropriation of a sum of money sufficient to accomplish the purpose. The fact that the Government of Quebec anticipated that action, the fact that the Government of Quebec have since Confederation expended from their own Treasury a sum, I believe, of over \$14,000,000 in the construction of railways within the Province of Quebec, instead of diminishing their claim to consideration at this late hour, strengthens it, I think, very much; this fact increases the strength of their position in approaching the Government as they have done and asking to be recouped a fair amount of that money and to be placed relatively in somewhat the same position as that which they would have occupied if they had not been so forward to promote that which is admitted on all sides to be the great national work of this country. Under these circumstances, the Government of Quebec, having contributed, as I say, over \$14,000,000 in railway construction in that portion of the Dominion, came to this Government with a claim for fair and just consideration as regarded that section of the railway construction which they had engaged in and completed and which might fairly be regarded as a portion of the great inter-oceanic line of railway connecting, in fact, across the entire continent through Canadian territory, the two oceans. After full and fair consideration of the proposals that were made and of the fact that they had exhausted the resources of the Province of Quebec in this effort, this successful effort, to construct this most important link of the great national work, the Government came to the conclusion that the Government of Quebec were entitled to a grant of \$12,000 per mile for that portion of the road that had already become a link and a section of the Canadian Pacific Railway, that portion lying between the City of Montreal and Ottawa; and as regarded the other portion, the only hesitation, the only doubt that ex-

isted as to the propriety of expending the \$12,000 per mile from Montreal to the Harbour of Quebec arose from the fact that the Government of Quebec had parted with that portion of the railway, and that, at this moment it did not afford that short and unrestricted line of communication for the Canadian Pacific Railway to make the Harbour of Quebec that which it is believed, in the interest of the whole of this country, it is desirable it should be made, namely, the summer terminus of the Canadian Pacific Railway."

Mr. Edward Blake, speaking to the motion for second reading of Resolution respecting Subsidies to certain Railway Companies, April 12th, 1884, said :

"Just consider a little the details; just consider how they hang together with the general proposition of the Ministry to deal exceptionally with the Province (Quebec) in this direction. The present course is taken because this Railway from Montreal to Quebec is considered a part of the national road, of the Pacific road, and for that reason \$12,000 a mile are given in recoupment of the expenditure between Ottawa and Montreal, and \$6,000 a mile are given in recoupment of the expenditure between Montreal and Quebec. Well, why \$6,000 a mile only? Because everybody knows that it is not a part of the national highway; everybody knows that the Quebec Government and people sold it away, so that it may not be, unless it be acquired at a great price now, a part of the national highway, because everybody knows it does not fill the character in respect to which especially it is proposed the Province of Quebec is to receive this grant. On the other hand, you find therefore that the scheme cannot properly be pressed between these narrow lines. I admit that railway is a very important railway, no matter who owns it, or whether it is part of the national highway or not. I consider it one of the most important that could be constructed in the Province of Quebec, and I do earnestly hope, whatever may be the fate of these resolutions, it may be found possible to utilize that railway instead of constructing another, for the purpose of obtaining communication between the west and Quebec by the Canadian Pacific Railway, and that the \$6,000 a mile which is devoted now for the construction of another railway, if necessary, may be placed in the position in which it will do most good, viz., placed against the indebtedness of Quebec. But there are difficulties about that. Once the general principle is agreed on, the details have to be settled and then the

forces, up to that time tolerably united, are divided, and it is said the Ministerial forces themselves exhibited symptoms of disorganization. In this, as in the other particulars of this scheme, we find proposals to take leaps in the dark; we are to leave this thing to be settled in some shape or other, and left as it is, I dare say it will be a good while before arrangements will be made for this latter \$6,000. I have pointed out the Railway expenditure of the Provinces which have expended money on railways, and have shown you it bears approximate relation to the population and resources of the various Provinces. I have shown you that other Provinces stood in the same relation as Quebec, with reference to this railway expenditure; I have shown you, for example, that the Province of Ontario has, through her municipalities, expended \$3,200,000 on railways which are now part of the Canadian Pacific Railway; and I say that in dealing with these lines, dealing with the question of railway expenditure, proposing to recoup Provinces in respect of railway expenditure, the proper, just and equitable mode of dealing with the case is, to place all the Provinces on the same relative footing—to do justice not to one but to all. I have no desire to interfere with the aid it may be necessary to give, in the interests of Confederation at large, to place on a somewhat better footing the finances of Quebec; but whether the hon. gentlemen of that Province agree with me or not, I am prepared to advocate in this House, while I yield what I think just, the claims of justice to all, and I believe that justice to all is not done by these resolutions. I believe that justice to all requires a wider application and a sounder basis for the application of the principle which the hon. gentleman proposes to incorporate in our legislation, and I move the following amendment thereto :

That the following words be added to the said motion :

“ ‘But this House feels bound to express the opinion that Canada, when (as proposed by the said Resolution) recouping of the Provinces for part of the past local expenditure on railways, should have regard to the past local expenditure in other Provinces on railways, almost all of which have been declared to be for the general advantage of Canada; and this House regrets that the Government, while proposing a measure of relief to one Province, has not taken steps with a view to a fair and proportionate measure of relief, in respect of local expenditure, in the other Provinces.’ ”

Not a single member of the Opposition in 1884 said a word against this grant of \$12,000 to the Province of Quebec, although that road had been sold and had passed out of the hands of the Province. Amongst those who voted for the amendment of Mr. Blake were Messrs. Blake, Cartwright, Laurier, Mulock, Paterson and Sutherland. Surely, then, Sir, this branch of ours, built to connect the Grand Trunk Pacific, a great transcontinental railway, with the G.T.R. and with the C.P.R. from North Bay, is a case on all fours with the grant of 1884, and we can claim that the Dominion Government should pay us a subsidy of \$12,000 per mile. (Applause.) The whole reason for the extension from New Liskeard north is to connect with the Grand Trunk Pacific and for no other reason. No other object was given to this House to vote for that extension of the line, except that it was to meet the Grand Trunk Pacific. I contend that this road from North Bay to the north runs on all fours with the road from Montreal to Ottawa for which the Dominion Government paid a subsidy of \$12,000 per mile after it had passed out of the hands of the Province of Quebec. I think we have then a good reason to maintain that the Dominion Government will meet us in this and I expect they will meet us fairly. (Applause.) We have no reason to believe that they will not give us this money. I have every reason to believe that Sir Wilfrid Laurier and his colleagues in that Government, and those who support him in the Ottawa House, will consider that this Province has a fair and reasonable claim that it should be treated in the same way as its sister provinces. We made no complaint against this grant to the Province of Quebec which was given solely on the ground that it was connecting the City of Montreal with the C. P. R. I think, then, we have good reason to believe that our request for a subsidy to the extent of \$12,000 a mile will meet with a favorable response. (Applause.)

I might explain the working of the railway certificates. I suppose that the hon. members all understand the way in which they are issued. When the Government gave a subsidy of \$3,000 per mile to railways, instead of paying it, they gave forty certificates of \$140 each spread over the next forty years, and making \$5,600. Thus, for every mile of road we gave certificates for \$5,600, and of these \$2,600 was for interest, the principal being payable in instalments for forty years. Then, when the \$140 instalments came due, instead of paying them, as has

been done for the past five or six years, we issued "annuities" for the next forty years for the whole amount falling due. Of the \$5,600, \$2,600 was interest, yet they borrowed on new annuities to pay the interest as well as principal on the old railway certificates. I am glad that some six years ago our hon. friends began to see reason and to cease issuing annuity certificates, and that none have been issued for the past six years.

Another item of our indirect liabilities is the \$2,000,000 guaranteed to the Sault industries. While I do not for one moment hesitate to repeat that this Province had no business to enter into any such trading proposition, or make that guarantee, because we had just as much right to guarantee the re-establishment of the burned out carriage works at Brockville as the re-establishment of the institutions at the Sault, whose condition was the result of bad management, I think hon. gentlemen on both sides will readily understand that it is not advisable in the interests of the Sault, or in the interest of this Province, that there should be heated discussion on this question. Something has already been said in this House of which the Sault Company complains as having injured them. Hon. gentlemen of course understand how the commercial markets of the world watch everything, and how they take advantage of everything that may be discussed to attempt to discredit any enterprise, and I regret, Sir, to say that what few words were said in the House the other day to a certain extent had that effect in regard to the Sault. I would therefore ask hon. gentlemen on both sides of the House to bear this in mind. I will simply state how we are secured on that liability. We hold all the mortgage bonds and stock of the Algoma Central and Hudson's Bay Railway Company and of the Manitoulin and North Shore Railway Company, whatever they may be worth, it means that we have first lien on those railways. Then in addition to that we have out of ten million dollars of the first mortgage bonds of the Lake Superior Corporation \$2,418,000; of the income bonds, \$306,500 out of \$3,000,000; of the stock of the Lake Superior Corporation we have \$5,364,100 out of \$40,000,000, and also a note for \$725,000, secured by mortgage on certain steamships and vessels of the Algoma Central Railway Company. These mortgage debentures and the income bonds are listed on the Philadelphia Stock Market. The stock is also, I think, quoted now. It was not a few days ago. If we

could sell our share of these stocks and bonds to-morrow on the Philadelphia Stock Market at the rates they are quoted, we would be all right, and more than all right, but hon. gentlemen can easily understand that you cannot throw seven or eight million dollars of stock on any market without smashing it. Those in charge of the Sault industries think they will be able to meet those certificates by the 1st of May next year when they are due. (Applause). They have already paid one-half year's interest on the day that it was due, and another half-year is due on the 1st of May next. With this explanation I will leave the question of the guarantee of the Sault loan.

Then we have the Niagara Falls Park bonds for \$600,000. These are perfectly safe. The income received last year from rentals and concessions amounted to enough to pay all the interest on these \$600,000 bonds, which this Province guarantees, as well as the cost of maintenance, and to leave \$15,000 over, which is to be used on capital account. A large refectory is being built, and the Commissioners wish to expropriate portions of the foreshore of the Park which it is advisable, I think, that they should do. There are three power development companies having concessions to develop power at the Park.

Canadian Niagara Power Company.

Ultimate Present
Revenue. Revenue.

1. Charter 50 years from 1st May, 1899.
2. With right of renewal for three further periods of twenty years each, or say 110 years in all. The rentals for the extended periods being subject to re-adjustment each twenty years should the Lieutenant-Governor-in-Council so desire.
3. Authorized to develop 100,000 E. H. P. on the following terms:—
4. Fixed annual ground rent which carries with such payment the right to sell 10,000 H. P. \$15,000 \$15,000

The remaining 90,000 H. P. when marketed will yield the following revenue :

10,000 H. P. at \$1.00 per H. P.	10,000
10,000 H. P. at .75 per H. P.	7,500
70,000 H. P. at .50 per H. P.	35,000

100,000 H.P. (Average 67½c. per H.P.)

Ultimate Present
Revenue. Revenue.

\$67,500

Ontario Power Co. of Niagara Falls.

1. Charter 50 years from 1st April, 1900.
2. With right of renewal for three further periods of twenty years each, or say 110 years in all. The rentals for the extended periods being subject to re-adjustment each twenty years should the Lieutenant-Governor-in-Council so desire.
3. Authorized to develop 150,000 E. H. P. from the Niagara River, and the right to utilize the waters of the Welland River in addition, on the following terms:—
4. Fixed annual ground rent which covers the right to develop power from the Welland River and carries with such payment the right to sell without further charge 20,000 H. P.

\$30,000

\$30,000

The remaining 130,000 H. P. when marketed will yield the following revenue:

10,000 H. P. at \$1.00 per H. P.	10,000
10,000 H. P. at .75 per H. P.	7,500
110,000 H. P. at .50 per H. P.	55,000

150,000 H.P. (Average 68c. per H.P.)

\$102,500

Electrical Development Company of Ontario.

1. Charter 50 years from 1st Feb., 1903.
2. With right of renewal for three further periods of twenty years each or say 110 years in all. The rentals for the extended periods being subject to re-adjustment for twenty years should the Lieutenant-Governor-in-Council so desire.

		Ultimate Revenue.	Present Revenue.
3. Authorized to develop 125,000 E. H. P. on the following terms:—			
4. Fixed annual ground rent which carries with such payment the right to sell 10,000 H. P.	\$15,000		\$15,000
The remaining 115,000 H. P. when marketed will yield the following rentals:—			
10,000 H. P. at \$1.00 per H. P.	10,000		
10,000 H. P. at .75 per H. P.	7,500		
95,000 H. P. at .50 per H. P.	47,500		
125,000 H. P. (Average 64c. per H.P.)		\$80,000	
375,000 horse power.		\$250,000	\$60,000

Should the Legislature approve of the second franchise or option granted to the Electrical Development Company, and it proceeds to develop the full amount of power authorized, and should the Ontario Power Company develop the full amount of power authorized under its Welland River charter, the volume of power and the present and ultimate revenue that would be derived from all the power plants would be as follows:—

	Total H. P.	Ultimate Revenue.	Present Revenue.
Brought forward	375,000	\$250,000	\$60,000

Electrical Development Co of Ontario.

(Second Franchise).

Charter 50 years from

Renewable on same terms as first charter.

Authorized to develop 125,000 H. P. 125,000

Fixed annual ground rent which carries with it the right to sell 10,000 H. P.	15,000	
of which \$5,000 is at once payable		5,000

Another \$5,000 when one-half the first franchise is developed, and the remaining \$5,000 when work is commenced on the second franchise. The remaining 115,000 H. P. on the same terms as the first franchise, producing 65,000

(NOTE.—This second franchise was not approved by the Legislature).

The Ontario Power Company.

Charter and renewal same as Niagara River
Charter.

Authorized to develop 100,000 H. P. 100,000

Fixed annual ground rent \$15,000 included and paid under first charter, and when all power is sold will produce the follow- ing revenue:—	Total H.P.	Ultimate Revenue.	Present Revenue.
10,000 H.P. at \$1.00 per H.P. ...\$10,000			
10,000 H.P. at .75 per H.P. ... 7,500			
80,000 H.P. at .50 per H.P. ... 40,000		57,500	
Totals	600,000	\$387,500	\$65,900

QUEEN VICTORIA NIAGARA FALLS PARK.

ESTIMATED EXPENDITURES, 1905.

Capital Account—

Balance due on Refectory building	\$10,000 00	
Various permanent works, including restoration of graded portions of the Park	6,000 00	
Acquiring frontage to widen principal approach to Park	5,000 00	
Acquiring lands and protecting shore, Chippawa to Fort Erie	5,000 00	
		\$26,000 00

Maintenance Account—

Salaries, office and clerical staff	\$3,700 00	
Salaries, constables and gardener	5,600 00	
Wages, laborers and teams	12,000 00	
For materials	3,700 00	
Office expenses... ..	200 00	
Commissioners' expenses	700 00	
Miscellaneous expenditure	600 00	
		26,500 00
Interest on bonds and bank charges		24,500 00
Bond issue \$600,000 at 4 per cent., principal due 1927 ...		\$77,000 00

QUEEN VICTORIA NIAGARA FALLS PARK.

ESTIMATED RECEIPTS, 1905.

Ontario Power Company	\$30,000 00
Canadian Niagara Power Company	15,000 00
Revenue from sales in excess of 10,000 H. P.	2,500 00
International Railway Company	10,000 00
Zybach & Brundage	9,000 00
Electrical Development Company	7,500 00
Electrical Development Company, Second Franchise ...	5,000 00
Sundry rentals	1,000 00
Niagara Falls, Ont., March 13th, 1905.	\$80,000 00

It will take a few years to develop the full power of these companies at Niagara Falls, but this Province has reason, I believe, to look forward to a revenue of at least \$200,000 from these three franchises that I have mentioned. (Applause.)

And now, Sir, we come to the Common School Fund, and I would like to give a word or two of explanation in regard to this.

The Common School Fund was established in 1841 by 4 & 5 Vic., c. 18, which provided for "the establishment of a permanent fund to consist of such moneys as might accrue from the sale or lease of any lands which by Legislature or other competent authority may hereinafter be granted or set apart for the endowment, maintenance or support of Common Schools and of certain other moneys."

The Act was amended in 1843 by 7 Vic., c. 9, which provided that the income from the fund was to be divided between Upper and Lower Canada according to the census last before taken.

In 1849, by 12 Vic. c. 100, it was provided that 1,000,000 acres of Public lands of Canada should be set apart for the purposes of the Common School Fund. In pursuance of this Act, by Order-in-Council dated Nov. 5, 1850, 1,000,000 acres in Upper Canada were so set apart. At Confederation, in 1867, nearly the whole of the million acres had been sold, and under the terms of the Confederation Act all the unsold land became vested in the Province of Ontario, the proceeds when sold to go to the Common School Fund; and, as to the moneys derived from sales previous to Confederation the Dominion held them as trustee for Ontario and Quebec.

The Act of 1849 directed that the proceeds of the sale of the Common School Lands should be invested until a capital had been created sufficient to produce the annual sum of £100,000 (\$400,000). The amount required to produce \$400,000 was \$6,666,666, and the land set apart did not produce that sum. Quebec claimed that Ontario ought to make up the deficiency which was \$1,451,741, but this claim being referred to arbitration was disallowed. Quebec also made a number of other claims which were not successful. The collections made by Ontario in respect of lands sold since Confederation have been paid over to the Dominion as trustee for Ontario and Quebec, and the situation of the Fund is now as follows:

There is in the hands of the Dominion \$2,571,908, of which, upon

the basis of the 1901 census, Ontario is entitled to \$1,465,179. Under the Award the Dominion was to pay five per cent. interest to the Provinces on this Fund, which has been paid, the rate of interest on this Fund not being disputed. That money is clearly a trust fund. It is not ours to dispose of ourselves. It is ours to hand over the interest on that fund to the trustees to keep up the Common Schools. It is not available to pay annuities or any other debts, and yet the hon. gentlemen opposite always took it as one of their assets so available. (Applause).

We now come to the Land Improvement Fund. This was an outgrowth of the Common School Fund. In 1849, as has been stated, the Government of the Province of Canada set apart one million acres of land in the Huron Tract, in order that from the sale of it the Common School Fund of \$400,000 might be provided. The sale price was at first fixed at \$2.50 per acre, but this was subsequently reduced to \$2.00. In 1852, at the instance of the Commissioner of Crown Lands, an Order-in-Council was passed recommending that Legislation be sought diverting a quarter of the revenue from the sales to local improvements. In 1853 an Act was passed authorizing the Governor-in-Council to reserve in any County out of the proceeds of the sale of the School Lands one-fourth to provide for public improvements within the county. An Order-in-Council was passed authorizing a charge of 6 per cent. to be made for cost of management of the School Lands. In 1861 an Order-in-Council was passed rescinding the order providing for the reservation of a Land Improvement Fund. Thus, at Confederation the Dominion stood possessed as Trustee for Ontario, of one-fourth of the collections between 1853 and 1861 on account of Common School Lands, less six per cent. for cost of management, as the Land Improvement Fund; and the arbitrators between Ontario, Quebec and the Dominion in their award, dated Sept., 1870, reported that the amount of the said Land Improvement Fund was \$124,685.18, at which amount it stands in our assets to-day.

It was established on the evidence of the Provincial Auditor in the Public Accounts Committee in 1904, (p. 58) that the whole of the Land Improvement Fund in the hands of the Dominion has been paid by the Province to the municipalities interested, and there is, therefore, no longer any trust attaching to this Fund, but it is simply an asset of the Province.

Then there is the Grammar School Fund which may be briefly explained. This was constituted in 1839, by the Act 2 Vic., C. 10, which set apart 250,000 acres of land in Upper Canada for Grammar School purposes, to be sold at not less than ten shillings an acre (\$2.00). At the time of Confederation there had been sold of the land enough to furnish the sum of \$312,769.04, which amount the Dominion now holds as trustee for Ontario. Under the Award the Dominion was to pay the Province interest on the money half-yearly at five per cent., but now refuses to pay more than four per cent., and the matter is now pending in the Court of Exchequer. This interest is paid in trust to the Province to support the Grammar or High Schools.

That, Sir, is clearly a trust fund to be paid to the trustees of the Grammar, High, or Collegiate Institutes of this Province. We have no right to claim principal or interest for our own use. Suppose this Province at any time in the stress of financial circumstances could get no more Government grants to keep up Grammar or High Schools, the latter would still, under this trust, be able to claim the interest of the Funds.

One more Fund remains to be explained, namely, the Upper Canada Building Fund. When, in 1854, the Seigniorial Rights were extinguished in Lower Canada, a sum of \$600,000 was taken from the Consolidated Fund of the Province of Canada to aid in the indemnification of the Seigniors. In order to offset this sum an equal amount was taken from the Consolidated Fund and set apart for the purposes of Upper Canada—"for some local purpose or purposes in Upper Canada" are the words of the Act. The \$600,000 was afterwards carried to the Upper Canada Building Fund, which was a fund constituted under the Act 13-14 Vic., Cap. 68, s. 3, for the purpose of providing funds for the erection of Lunatic Asylums and other public buildings in Upper Canada, and for the support of Lunatic Asylums. To this Fund also went the revenue from certain other local sources, such as marriage licenses. Whenever an appropriation was wanted for any public building in Upper Canada, it was voted and charged against this Building Fund. At the time of Confederation it was found, after certain errors had been corrected that this Fund with its accumulations of interest amounted to \$1,472,391.41, and of this sum the Dominion stands possessed as trustee for Ontario, paying interest as on the other Trust Funds of the Province held by the Dominion, the rate of interest being now in dispute. It is expected that the case

as to rate of interest will be tried this month. Counsel for the Province advises that in his opinion there is every probability that Ontario will succeed in sustaining its right to collect interest on the Trust Funds at the rate of five per cent. per annum, in which case their actual value will be considerably more than par, as they will be equal to a perpetual Dominion Stock bearing five per cent. interest. The Dominion does not dispute the rate of interest (five per cent.) to be paid on the Common School Fund, but is disputing the rate on the other three Trust Funds, the Grammar School, Land Improvement, and Upper Canada Building Funds, and for the past six months paid interest on these last three funds at the rate of four per cent. per annum, the question being, as I have said, now before the Exchequer Court.

Now, Sir, I think that much will be sufficient of the history of the trust funds. When I came into this House at first I could find no history of them, and it was difficult to get anyone to tell what they were. If I have been somewhat wearisome in giving that statement I trust that hon. gentlemen will pardon me, because I consider that it is useful in such a speech that there should be a proper explanation of such funds as these are. (Applause.)

Now, in regard to debentures, I regret to say that the hon. gentlemen who preceded us had among these drainage debentures an item of \$11,000 that never existed in the case of the Township of Russell. It appears that about 1870, on the promise of the then reeve of the township that he would get a by-law passed and debentures issued, the Government spent \$11,000 on drainage. The agreement was not carried out, the township has never paid the amount, nor offered to pay it, as far as we can find out, and yet this amount has been carried as an asset for many years by this Province, and an Order-in-Council has never yet been passed wiping it out. It was held for years over the head of the township by hon. gentlemen who preceded us as a threat compelling the people to vote for their candidate. (Applause.) I very much fear that they will never pay these debentures. Whether we are able to enforce the payment is a question. In the meantime, having no debentures to show for it we are quite justified in leaving the amount out. Then, there is an item of \$25,572 of debentures for Sault Ste. Marie. For many years after these were issued they did not appear in the assets, but afterwards they turned up as one of the assets. They were given originally in connection with the sale of lands used by the Power Canal Company,

and are for thirty years. For two years the interest was paid. There is now owing, in addition to the \$25,000 which is not due, of course, until thirty years after the date of issue, \$9,000 for arrears of interest. The Treasury Department has written demanding payment of this amount. and it is to be hoped that the hon. gentleman representing the Sault will see that it is paid up.

I have said that I purposely did not add up this list of liabilities and assets, but I want to say here that I think it strongly advisable that we should try and simplify our accounts. Our list of liabilities, including the amount owing to the Dominion, the Temiskaming Railway, annuities, and Common School Fund, amounts to \$11,709,650. We can deduct from that as a matter of course, Cash on Hand. Drainage Debentures, possibly the Upper Canada Building Fund, and also the Land Improvement Fund as it is no longer a trust fund, but is simply cash of ours in the hands of the Dominion Government, we may take that also. I do not think there is the same trust in connection with the Upper Canada Building Fund as in the School Funds, as it was a fund from which under the old Legislature of Canada, before Confederation, money was drawn for building Asylums. We can, I should think, reasonably use that money towards settling our debts to the Dominion. Our liabilities, therefore, on December 31st were \$11,709,650, and deducting Cash, Drainage Debentures, Upper Canada Building Fund, and Land Improvement Fund, we have a net debt of \$7,100,614, which amount includes liability for £1,200,000 Treasury Bills outstanding.

I may, I think, shortly explain where the difference is in treating these accounts between us and those who preceded us. The minute we consider the Temiskaming Railway debt, which we have to consider—it is a direct liability to-day, because these Treasury Bills are a direct promise to pay £1,200,000—the minute we consider these, I say, all claims to the surplus said to exist a year ago must vanish. In the budget speech made a year ago, in addition to ignoring the Temiskaming debt, the Treasurer claimed as assets the Common School and Grammar School Funds, and also the capitalized subsidy of 1884 which amounts to \$2,800,000, but if we consider the latter as an asset, we can draw it and use it for our purposes, but this, I claim, we cannot do. On these three points rest the difference between us as to whether there is a deficit or a surplus. First, whether the \$5,800,000 of Temiskaming Railway Treasury Bills is to be

considered as a liability; second, whether we are to consider the Common School Fund and Grammar School Fund as assets available to pay debts or as trusts held for the schools; and third, whether we can use this subsidy of 1884 as a capitalized amount. There is no question that we are right in contending all along that the School Funds are trust funds for the schools and cannot be capitalized, and as to the subsidy that the Dominion Government cannot pay it without further legislation, and in any event it would not pay us to draw it out, because it would be like borrowing money at five per cent.

I now come to the most difficult and perhaps the most interesting portion of my task, that relating to the future. Last year, in the month of March, on the 23rd of March I think it was reported in *The Globe*, a deputation from the University waited on the Premier and the Treasurer, and asked for a grant towards a new Physics building. It was a large and influential deputation, and in answer to that deputation the honourable member for West Middlesex made the following statement as reported in *The Globe*:

"The Premier, proceeding, said that he would like to place a quarter of a million dollars or more at the disposal of the University for a Physics building. He believed in it at heart, and so did his colleagues, but would the House provide it just now? The normal revenue, the Premier pointed out, is about one million dollars short of the normal expenditure. If it had not been for the results of timber sales, a reduction of expenditure or an increase of taxation would have been necessary. The Government had put a tax on corporations, and there was a complaint. It was proposed this year to tax railways. Where can the money be got if not by more taxation?"

On the estimates made last session that statement was absolutely correct. We would have spent a million dollars more than our normal revenue. We actually did spend over \$800,000 more than the normal revenue, \$500,000 on capital account, the other \$300,000 for ordinary expenditures, in addition to which \$180,000 of debt was not paid. That is what we have to meet. There is an absolute necessity in this Province if we are to continue in a prosperous condition, to see that the ordinary revenue and expenditure meet. We propose to attempt to do this, Sir, by better economy, by better administration, by administration in the

interests of this Province, and not in the interest of contractors, and of the supporters of the Government. (Applause).

The estimated expenditure is at the present time \$5,079,000. I may say, Sir, that having been in power only two months we have had no time to investigate where we could economize. We have had no time to see what it was proper to cut out, and we have practically taken for our estimates this year the estimates of hon. gentlemen opposite, as they were made necessary by the contracts which they had entered into. Our total estimated expenditure is only \$114,000 more than the estimates of the previous year given on page 246 of Public Accounts, but that \$114,000 is more than accounted for by the fact that we have to include \$180,000 of unpaid accounts of the previous year which we had to put into our accounts of this year. We have also \$80,000 extra to vote on account of the expenses of the General Election. We have also the votes on account of the undertakings to which this Province has been pledged, such as the School of Practical Science, the Woodstock Epileptic Hospital, and the changes in the Penetang Institution from a Reformatory to an Asylum for seniles. All these cause large increases in the expenditure. Then we find pledges of the hon. gentlemen opposite which they were afraid to carry out. These were among the pre-election promises. For instance, a promise was made to the Ottawa University of \$10,000 to help repair the damage caused by the fire, and Sir, they were afraid to pass the Order-in-Council giving effect to that promise. It was made a public pledge, and for the honor of the Crown which was involved by the statement of the then Premier, we felt bound to carry out that pledge. (Applause). On the 29th of November last, an Order-in-Council was prepared, was sent to the Council, was struck out, and nothing more was done with it. Then, Sir, the hon. gentlemen opposite, after the election decided some cases of refunds, passing some Orders-in-Council to the amount of \$18,000 to \$20,000.

You can easily see, Sir, and hon. gentlemen can easily see, that we have tried our best to reduce these estimates. We will not spend the whole amount if we can possibly help it. Last year the former Government did not spend all that was voted. There is perhaps unspent \$200,000 that was voted in the estimates. Then we hope by a better and closer touch with the expenditures of this Province to save a very large sum of money—I will not say how much. In this connection we have intro-

duced a new system which hon. gentlemen try to sneer at—a system used in all the large establishments in the United States, and many of them in this Canada of ours, a system that gives a complete check over the amount spent. There was no check half the time on expenditures under the former administration. What check was there on coal, when more coal was used at the Penetang Institution which cared for a hundred boys in 1903, than was used to heat the whole of this building. Repeatedly during the past years we did our best in investigating these accounts to show where things were going wrong. Every opportunity was taken to hide these things from us. (Applause.)

In regard to education, although there is apparently a large increase, part of that is caused by the transference of the Deaf and Dumb Asylum and the Institute for the Blind, from Public Maintenance Account to that Department. Part, also, is caused by having to pay a \$30,000 deficit at the University last year, part for increased grants to the University, ratified by the hon. gentlemen, some of which is for a deficit and some for salaries which have to be paid. Then there is the School of Science, which involves a large increase owing to having a new building, a large addition to the professors and lecturers, and also on account of the cost for heating the building. Then we have the Woodstock Asylum where under the former Government an estimate was made for two new cottages to cost us \$40,000. This we have put in our estimates because it does not pay to carry on an institution such as that on a small scale. The same staff and the same expenses largely can be made to do for a building on a large scale. These increases that I have mentioned make a total of \$318,000. In addition to those payments which are placed in the estimates, there are certain statutory payments which do not appear in the estimates such as the railway certificates, iron and sugar beet bounties, and good roads payments. These total about \$420,000, so that the expenditure will be in the neighborhood of \$5,500,000. We had no opportunity, as I have said before, of inquiring sufficiently into the details of the estimates, and it has been necessary for us to take the figures of the former administration. We find an increase of \$15,000 in flour for public institutions. We cannot afford to take the risk of cutting it down because on looking into it we find that the contracts for flour have been let already. Practically the whole of that expenditure that we call for is based on the old estimates, and we hope to save very largely from them. (Applause.)

Now, as to the receipts, which are estimated at \$5,515,000. We expect the same subsidy as last year, \$1,339,287; the same interest on Trust Funds, \$188,000. From the Crown Lands Department last year we received in bonus on timber \$1,660,000; this year we estimate it will be \$1,000,000. From timber dues we expect \$1,050,000. I find from the Commissioner of Crown Lands that the Temiskaming Railway people are very anxious that the pine timber should be cleared from the neighborhood of the railway. The Crown Lands Department are also anxious that this should be done as there is great danger from fire, not only from the railway but from prospectors. It will be a great loss to the Province if we lose that timber by attempting to hold it. Part of that timber along the railway was sold during the sale of 1903, and it is proposed to put up during the coming fall the remaining portions. Also on the Sturgeon River, where the pulp lands are being cleared, the Department tells me that there is great danger of fire among the pine in the neighborhood where the spruce is found. It is better, therefore, that sales should be held in those two districts. The two put together will not mean anything like the sale of 1903.

I estimate that from the Succession Duties we shall receive \$450,000. That is not a guess, but a very careful estimate. Last year the amount was \$458,000, which was larger than at any time previously. The Succession Duty paid for the first three months of this year amounts to \$195,000. There is unpaid, but due this year, \$115,000. There was also \$100,000 in arrears prior to the 1st January of which we expect to get \$25,000, I hope we may do better, but we expect at least \$25,000, and then for the coming nine months on estates not on record, I hope we shall get \$115,000. Eighteen months is the time allowed for the payment of this duty, but the Government allows discount of interest where it is paid within that period, and people who receive the money left them often pay it within the stated period.

One of our sources of income in the future, as I have previously said, will be Niagara Falls. As soon as the power now under development is fully developed we ought to get an income of at least \$200,000 from Niagara over Park expenses. It was well enough that the first lease should be given at the rate it was. There was tremendous risk, —some five or six million dollars being put into the undertaking. Subsequently, however, the former Government took power to give leases

without ratification by this Legislature, and they did give one, and after that was given they came back and asked the Legislature to reverse the process, saying hereafter all future leases must be submitted to this House. (Laughter and Applause.) In the State of New York there is much danger of too many water power privileges being given at Niagara Falls owing to the looseness of the legislation. Two New York bills have been sent to me in this connection the effect of which is to give corporations power to draw unlimited supplies of water and to expropriate all the land necessary. That is a wholesale sort of business. We have protection in this fact, however, that most of the water taken from the river is on the Canadian side. There are, as I have said, three important horse-power development companies at the Niagara Falls Park on the Canadian side. I think the amount of water at present estimated to be drawn from Niagara Falls through the channels of these companies is 35,000 cubic feet per second. If 80,000 cubic feet per second were taken by means of these channels and others, the American Falls would soon become dry because the sill of the American Falls is much higher than at the Canadian Falls. In connection with these water powers this Province must watch what the Dominion Parliament does. That body has given charters to companies to take water from Lake Erie, coming over the Niagara escarpment in the same way as the Cataract Company which draws from the Welland Canal. I say that the Dominion has no right to deprive this Province of valuable rights. (Applause.) It is not to the advantage of this Dominion and Province that there should be this wholesale giving of charters by the Dominion in the manner in which they have been doing in the past. There are other places apart from Niagara, west of the Welland Canal for instance, where the performance of the Niagara Cataract Power Company can be repeated, and we must be on guard over these assets of the Province. (Applause.) We ought to have a great income from water power. It should be a great source of wealth in the future. When we have this Niagara Power, I believe that Western Ontario, yes the whole of Ontario, will be the great manufacturing centre of this continent, (applause), because it is a cheap power and can be easily used for various purposes and particularly for manufacturing.

I may mention some of the uses of electric power, namely, for railway operation, street and interurban railway operation, electric lighting, electric smelting—there is a great future for it there—electro-chemical in-

dustries, electric pumping, pulp grinding, paper manufacturing, machine shop work, flour grinding, electric baking, grain elevating, shoe manufacturing, brewing, foundry operation, factory work, and in general as a source of motive power for operating any industries which can be carried on by steam or water power.

The particular advantages of electric power are, that it can be cut out and thereby economized when not in use; that an economical central generating point can be the source of power for a great many places; that in the vicinity of economical water power, electric power can be produced much more cheaply than steam power. It becomes us to hold this advantage to the Province and not give it away. Last November the hon. gentlemen who preceded us gave a lease of water power on the French River—a magnificent water power where the Georgian Bay passes through and within a short distance of two lines of railways, for 25 cents per horse power. It is worth at the least \$2.00 per horse power, and I think something like \$2.00 per horse power ought to be the minimum of the charge of this Province for such leases. We are spending millions on the Temiskaming Railway, for the development of the natural resources of this Province, and we ought to guard them. We had hoped that the pulp mills would have been a great source of revenue, and we hope yet that they may. In times gone by we who now sit on this side of the House introduced legislation the adoption of which caused the re-opening of mills on the North Shore and the re-filling of deserted villages by Canadian people, who are employed in Canadian mills as the result of the policy we then advanced causing the manufacture of sawlogs in this country. (Applause.) We had hoped that these pulp concessions would have resulted in something of the same sort, and they might have done so only that they were given without consideration by hon. gentlemen who preceded us, simply that they might be solid with their friends. (Renewed Applause.) Just \$10,000 in dues from all the pulp wood of this Province last year when we were to have had such a large income! There is only one, or at the most two mills, in operation, the other companies are doing nothing but simply holding on to their concessions.

I have great faith in our northern country. It will take money to develop it. But we propose to develop this country and develop it within our means, to use the receipts on capital account for capital account

and for capital account alone, to reorganize the services of this country by cutting down unnecessary expenses and by making the ordinary revenue in all cases equal to the ordinary expenses. (Applause.) If we find it impossible to do that, after looking into the thing thoroughly, it will be a matter to seriously consider as to what is to be done. We are bound, I say, to make ordinary revenue meet ordinary expenditure, to make the fair name of this Province ring through the world so that when Ontario has to sell her bonds on the money markets they will be eagerly sought for by the capitalist and not hawked all over the world as were the bonds of the Temiskaming Railway last year. (Laughter and applause.) Those bonds were hawked all over by every prominent Liberal who thought he had a right to make money out of them. (Laughter.) We can renew that loan on the most favorable terms, and the question with us is whether we shall renew or sell. What we propose is that if we can get a fairly good price for the bonds, then we had better not take the risk. If we cannot do that, we will renew. The matter is under negotiation now, and cannot be discussed here. We have had favorable proposals. We hope and believe that the people of this Province will find their financial interests as well as all other interests safe in the hands of the party now in power, and that shall be our aim and object. (Prolonged applause.)

FINANCIAL SUMMARY PRESENTED BY HON. MR. MATHESON TO THE MEMBERS OF THE HOUSE ON THE OCCASION OF THE BUDGET SPEECH.

LIABILITIES OF THE PROVINCE.

1. Debts due to Dominion as settled by arbitration,
with the exception of claim as under Indian
Treaty, No. 3, in dispute \$1,737,190 72

NOTE.—17th Award, see Sessional Paper No. 58, 1901. Payments have since been made to Dominion on account of C. S. Fund, reducing amount mentioned in award.

2. Treasury Bills issued for six months due on the
15th May, 1905, on account Temiskaming Rail-
way, £1,200,000 5,840,004 00

Statement—Sale of Treasury Bills.

Interest at 2 per cent. for six months	
on £1,200,000, £24,000 at par...	\$116,800 08
$\frac{1}{2}$ per cent. commission on £1,200,000	
—£1,500 at par	7,300 00
Charges for stamps, £594	2,890 79
Cost of exchange, difference between	
9 $\frac{1}{2}$ and 9 $\frac{3}{8}$	6,525 64
<hr/>	
Total cost <i>re</i> sale of Treasury	
Bills	133,516 51
November 30th, 1904, credited to	
Temiskaming Railway Commis-	
sion by the Imperial Bank	5,706,487 49
<hr/>	
£1,200,000 at par of Ex.....	\$5,840,004 00
3 Railway certificates present value, outstanding on	
the 31st December, 1904	2,425,411 16
Annuities certificates present value, outstanding on	
the 31st December, 1904	1,699,352 32
<hr/>	
4. Common School Fund collections by Ontario from	
1st January, 1904, payable to the Dominion in	
trust for both Provinces	7,692 67
In trust for Ontario ...	\$4,382 40
In trust for Quebec....	3,310 27

INDIRECT LIABILITIES OF THE PROVINCE AND GUARANTEES.

1. Algoma Central and Hudson Bay Railway and
Associated Industries Guarantee Loan, pay-
able 1st May, 1906 (4 Edw. VII., c. 19) ...\$2,000,000 00

NOTE.—The Government has as security for this guarantee certain first mortgage bonds, income bonds and stock of the Lake Superior Corporation, and the stock and bonds of the Algoma Central and Hudson Bay Railway Co., and of the Manitoulin and North Shore Railway Co., and a promissory note for \$725,000 secured by mortgage on certain steamships and vessels of the Algoma Central Railway Company.

2. Niagara Falls Park Bonds—

(50 Vic. c. 13)	525,000 00	
(57 Vic. c. 13)	75,000 00	
<hr/>		600,000 00
		<hr/>
		2,600,000 00

NOTE.—The income of the Park Commission from lease of power, etc., was sufficient to pay all maintenance and interest charges and leave a balance of about \$15,000 (in 1904) available for capital expenditures, which balance will be much exceeded in future.

TRUST FUNDS OF THE PROVINCE HELD BY THE DOMINION:—

Upper Canada Grammar School Fund, 2 Vic., c. 10, and 250,000 acres of land allotted to it	312,769 04
Upper Canada Building Fund (under the 18th section, Act 1854)	.....
Seigniorial tenure set apart for local purposes in Upper Canada	1,472,391 41
Land Improvement Fund, being one-fourth of the collection on account of Common School Lands sold between the 14th day of March, 1853, and the 6th day of June, 1861, as per award	124,685 18
Common School Fund (see Consolidated Statutes, c. 26), 1,000,000 acres set apart (proceeds realized to 31st December, 1903), after de- ducting Land Improvement Fund \$2,571,908.57 portion belonging to Ontario as per popula- tion of 1901	1,465,179 33
	<u>3,375,024 96</u>

NOTE.—See A wards, Sessional Papers 1900 and 1901.

CASH AND DEBENTURE ASSETS OF THE PROVINCE.

Bank Balances—

Current Account	142,288 96
Special deposits bearing interest	2,713,295 59

Debentures—

Drainage Debentures	53,111 73
Tile Drainage Coupons	75,359 30
Municipal Drainage Assessment	2,332 64
Sault Ste. Marie Debentures	25,572 50
	<u>3,011,960 72</u>

TEMISKAMING RAILWAY ACCOUNT.

Balance cash on hand 31st December, available for construction of railway	1,354,686 02
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RECEIPTS AND EXPENDITURE, 1904.

RECEIPTS.

Balance in Banks Jan. 1st, 1904, Current Account	151,179 00
Special Account	1,843,500 00
	<u>1,994,679 00</u>
From Dominion of Canada :—	
Subsidy on population	1,116,872 80
“ 47 Vic. cap 4	142,414 48
Special grant	80,000 00
	<u>1,339,287 28</u>

Less <i>re</i> Yule Bridge award.....	24,626 75	
	<hr/>	1,314,660 53
Interest paid by Dominion on Trust Funds	167,794 36	
Less interest paid by Ontario on balance of account current with Dominion from Con- federation to date as finally adjusted	72,319 44	
	<hr/>	95,474 92
Interest on investments	93,902 99	
	<hr/>	189,377 91
Crown Lands Department :—		
Crown Lands	79,627 24	
Clergy Lands	3,764 22	
Grammar School Lands	849 26	
Common School Lands	9,772 73	
University Lands	1,647 72	
Rent :—		
Mining Leases	28,597 46	
Crown Lands	2,010 20	
	<hr/>	30,607 66
Woods and Forests :—		
Bonus.....	1,664,258 31	
Timber Dues	919,471 21	
Ground Rent	64,997 03	
Transfer Fees.....	2,056 00	
	<hr/>	2,650,782 55
Mining Licenses	1,597 15	
Rondeau Park	61 00	
Forest Reserves	62 00	
Refunds :—		
Surveys	530 00	
Agents' Salaries.....	278 20	
Mining Inspection	59 40	
	<hr/>	867 60
Miscellaneous Fees, etc	1,633 53	
	<hr/>	2,781,272 66
Licenses	362,256 61	
Law Stamps	68,315 13	
Algoma Taxes	7,259 98	
Education Department	80,404 59	
Secretary's Department	101,943 16	
Fisheries	47,883 14	
Agriculture	56,988 93	
Supplementary Revenue Act (62, 63 Vic. and 4 Edw. VII)... ..	420,627 82	
Succession Duty	458,699 60	
Public Institutions Revenue	110,002 95	

Casual Revenue :

Fines, etc	7,153 21
Public Officers' Surplus Fees.....	14,849 97
Insurance Companies' Fees	19,722 13
Loan Companies' Fees	9,378 60
Shooting Licenses, etc.....	19,123 65
Circus Licenses	2,880 00
Private Bills.....	8,700 15
Removal of Patients	3,392 45
Official Gazette	4,799 31
Statutes	1,065 60
Rules of Practice.....	65 80
Rent of old Parliament Buildings grounds .	6,000 00
Chinese Immigration tax.....	6,000 00
Escheated Estates.....	2,885 60
Refunds.....	588 43
Sale of Toronto School of Medicine Building	750 00
Incidentals	205 47

107,510 37

Less payments to claimants *re* deposits in
1902 and 1903 by Irondale Railway.....

159 23

107,351 14

Drainage Works Assessment

3,535 28

6,110,579 43

Drainage Debentures

9,254 71

“ (Tile)

8,118 38

Public Buildings Cap. Account (Refunds)

406 05

Total Receipts.....

6,128,358 57

8,123,037 57

EXPENDITURE.

Civil Government	344,006 28
Legislation	200,011 14
Administration of Justice	482,460 67
Education	949,806 78
Public Institutions Maintenance.....	950,434 04
Colonization and Immigration.....	19,889 94
Agriculture	446,481 22
Hospitals and Charities	236,592 75
Repairs and Maintenance	71,836 88
Public Buildings	425,833 04
Public Works.....	102,282 34
Colonization Roads	175,620 74
Charges Crown Lands	286,844 69

Refunds	18,651 17	
Miscellaneous	242,557 66	
	<hr/>	4,953,309 34
Drainage Debentures Purchased	13,238 53	
Drainage Debentures (Tile) Purchased	900 00	
Railway Aid Certificates	118,337 46	
Annuity "	102,900 00	
Common School Fund	78,740 76	
Stationery Account, excess of purchases over distribution	26 93	
	<hr/>	
Total Expenditure		5,267,453 02
Balance in Banks Dec. 31st, 1904		
Current Account	142,288 96	
Special	2,713,295 59	
	<hr/>	2,855,584 55
		<hr/>
		8,123,037 57

ESTIMATED RECEIPTS, 1905, INCLUDING CASH BALANCES ON HAND, 31st
DECEMBER, 1904.

Subsidy	\$1,339,287 28	
Interest on Trust Funds held by Dominion, less interest on debts due by Ontario to Dominion.....	98,000 00	
Interest on investments.....	90,000 00	
	<hr/>	188,000 00
Crown Lands Department—		
Woods and Forests:		
Bonus	\$1,000,000 00	
Timber dues	1,050,000 00	
Ground rent	50,000 00	
	<hr/>	2,100,000 00
Crown Lands	125,000 00	
Clergy Lands	5,000 00	
Common School Lands	15,000 00	
Grammar School Lands	5,000 00	
	<hr/>	2,250,000 00
Public Institutions—		
Toronto Lunatic Asylum	41,000 00	
London " "	16,000 00	
Hamilton " "	16,500 00	
Kingston " "	6,500 00	
Mimico " "	9,000 00	
Brockville " "	7,000 00	
Cobourg " "	550 00	
Penetang " "	100 00	

Orillia Lunatic Asylum	4,500 00	
Woodstock " "	500 00	
Central Prison	6,000 00	
Mercer Reformatory.....	2,500 00	
	<hr/>	110,150 00
Education Department		70,500 00
Provincial Secretary's Department		101,000 00
Agriculture (Revenue deducted from Expenditure)		
Casual Revenue		100,000 00
Succession Duties		450,000 00
Supplementary Revenue Tax (62 and 63 Vic.)		420,000 00
Tavern and Brewers' Licenses		365,000 00
Law Stamps		65,000 00
Algoma Taxes		5,000 00
Fisheries		45,000 00
Assessment Drainage Works		2,332 64
Removal of Patients		4,000 00
		<hr/>
Total Estimated Receipts		5,515,269 92
Cash Balances, 31st December, 1904		2,855,584 55
		<hr/>
Total		\$8,370,854 47

ESTIMATED EXPENDITURE, 1905.

Civil Government	\$351,980 00	
Legislation	187,950 00	
Administration of Justice	488,850 75	
Education	1,198,340 51	
Public Institutions Maintenance	931,327 00	
Colonization and Immigration	24,275 00	
Agriculture	333,443 00	
Hospitals and Charities	291,642 19	
Repairs and Maintenance	74,030 00	
Public Buildings	362,860 27	
Public Works	86,300 00	
Colonization Roads	166,300 00	
Charges Crown Lands.....	282,375 00	
Refunds	40,415 80	
Miscellaneous	259,700 00	
	<hr/>	5,079,789 52

Statement showing amounts payable annually for certificates issued by the Treasurer of the Province of Ontario for "Aid to Railways" and "Annuities."

YEAR.	RAILWAY AID CERTIFICATES.	ANNUITIES.	YEAR.	RAILWAY AID CERTIFICATES.	ANNUITIES.
	\$ c.	\$ c.		\$ c.	\$ c.
1905	120,860 68	102,900 00	<i>Forward</i>	2,538,074 28	12,133,800 00
1906	120,860 68	102,900 00	26	120,860 68	69,350 00
1907	120,860 68	102,900 00	1927	120,860 68	56,950 00
1908	120,860 68	102,900 00	1928	120,860 68	50,700 00
1909	120,860 68	102,900 00	1929	120,860 68	50,700 00
1910	120,860 68	102,900 00	1930	120,161 08	50,700 00
1911	120,860 68	102,900 00	1931	116,663 08	43,700 00
1912	120,860 68	102,900 00	1932	109,667 08	32,700 00
1913	120,860 68	102,900 00	1933	106,868 68	28,700 00
1914	120,860 68	102,900 00	1934	104,769 88	28,700 00
1915	120,860 68	102,900 00	1935	92,876 68	24,700 00
1916	120,860 68	102,900 00	1936	86,838 15	16,700 00
1917	120,860 68	102,900 00	1937	76,207 94	9,200 00
1918	120,860 68	102,900 00	1938	72,709 94	2,850 00
1919	120,860 68	102,900 00	1939	67,870 49	.....
1920	120,860 68	102,900 00	1940	63,987 16	.....
1921	120,860 68	102,900 00	1941	49,691 89	.....
1922	120,860 68	102,900 00	1942	13,566 54	.....
1923	120,860 68	102,900 00	1943	6,668 65	.....
1924	120 860 68	96,200 00	1944	4,443 22	.....
1925	120,860 68	82,500 00	.....	.....	.....
<i>Forward</i>	2,538,074 28	2,133,800 00	<i>Totals. . .</i>	4,114,507 46	2,599,450 00

NOTE.—Present value of Railway Certificates (interest $1\frac{3}{4}$ per cent. half yearly) 2,425,411.15
do Annuities do $1\frac{3}{4}$ do 1,699,352.32

